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Date: July 2, 2015  
To: County of San Luis Obispo  
From: Mike Miller  
Re: Federal Agenda Update

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The Ferguson Group (TFG) continues to assist San Luis Obispo County in federal legislative and regulatory matters of direct interest to the County. TFG provides the County with regular updates on legislation, regulatory action, and grant opportunities. TFG is in regular communication with the County's congressional delegation regarding the County's federal agenda. The following outlines specific areas of focus and action this spring.

**Drought legislation.** The two attached charts outline key points and status of relevant drought and water infrastructure financing legislation pending in Congress. Sen Feinstein has not yet reintroduced her drought relief bill. TFG submitted draft appropriations language for the funding bill currently under consideration in the Senate.

The House is currently considering drought legislation – The Western Water and American Food Security Act of 2015 (Rep. Valadeo). We provided an outline of the legislation in a report earlier this week to the County. Bill proponents contend the legislation would rebalance water policies in California, require federal and state agencies to use better science for decision making, provide permitting reforms aimed at building infrastructure to capture water for humans and species, and enable the movement and storage of water throughout California to better prepare for future droughts. TFG is actively advocating for the rights of local and regional government as this legislation moves forward.

**Drought – agencies.** TFG continued communications with Corps and Bureau of Reclamation officials in Washington, D.C. and California regarding drought assistance.

- **Water Basin study.** TFG helped the County secure meetings with key officials in Congress and letters from Members of the County's congressional delegation supporting the County's Water Basin study grant request. TFG also secured a meeting with the Commissioner of the Bureau of Reclamation and his senior staff regarding the application. On June 30 the Bureau announced the project was awarded \$950,000 – one of only two awarded in 2015.
- **Salinas Dam.** The County and city of San Luis Obispo staff met with key Corps officials in D.C. and San Francisco to develop a roadmap to funding capital improvements seismic

retrofits, funding increased water supply, and transferring ownership as well as securing a current operating agreement. The County is also exploring infrastructure bank opportunities.

**Los Osos.** TFG continues to track opportunities to secure funding assistance for on lot costs and water reuse projects. We also continue tracking the Corps of Engineers budgeting process as related to the County's Section 219 funding authorization.

**Transportation and DRIVE Act Introduction.** TFG briefed congressional staff on County priorities as authorizing legislation moves forward in 2015. Congress extended current DOT authority through July and an additional extension is likely.

As we reported to the County on June 23, Senators Jim Inhofe (R-OK), Barbara Boxer (D-CA), David Vitter (R-LA), and Tom Carper (D-DE) introduced the Developing a Reliable and Innovative Vision for the Economy Act (DRIVE Act), a new six-year surface transportation reauthorization bill. Congress has still not identified how the \$275 billion bill will be funded. The following are major highlights of the Senate bill.

***Fully-funds highway programs for 6 years***

- Authorizes increased Federal-aid highway program funding for FY16-21.
- Maintains formula program structure and increases the amounts each state will receive each fiscal year.

***Increases support for core formula programs***

- The existing consolidated core highway program structure from MAP-21 is maintained, including: the National Highway Performance Program (NHPP); the Highway Safety Improvement Program (HSIP); the Surface Transportation Program (STP); and the Congestion Mitigation and Air Quality (CMAQ) Improvement Program.
- DRIVE Act increases funding for the NHPP, STP and CMAQ formula programs by about 12 to 14 percent each over the life of the bill.

***Prioritizes bridges and large, nationally-important facilities***

- The bill increases the funding that must be spent on projects to maintain and repair bridges off of the National Highway System, as these bridges often struggle to find a reliable funding stream.

***Provides substantial new funding to focus on freight and goods movement***

- The bill establishes a formula-based freight program, which will provide funds to all states to improve goods movement.
- It expands flexibility for both rural and urban areas to designate key freight corridors that match regional goods movement on roads beyond the Primary Highway Freight System.
- The legislation improves efforts to identify projects with a high return on investment through state freight plans and advisory committees established under MAP-21.

***New grant program***

- The bill provides new funds to major projects of high importance to a community, a region, or the nation through a competitive grant program called “Assistance for Major Projects” (AMP) that bears some similarity to the TIGER program.
- The program includes a set-aside for rural areas and ensures an equitable geographic distribution of funds.
- The bill includes strong transparency provisions and includes a Congressional selection and approval process.

***Requires Highway Trust Fund transparency***

- The legislation includes new provisions to improve the transparency of how and where transportation projects are selected and funded, to ensure that stakeholders and the public have faith in the integrity of highway programs and the use of federal tax dollars.

***Improves TIFIA program***

- The bill updates the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and provides state and local governments with new options for stretching transportation dollars and increasing efficiency and utilization.

**Rail Safety.** TFG kept the County informed regarding congressional hearings, legislation, and regulatory action related to rail movement of hazardous cargo, including petroleum products. On May 1, 2015 Transportation Secretary Anthony Foxx today announced a final rule for the safe transportation of flammable liquids by rail. The final rule, developed by the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Federal Railroad Administration (FRA), in coordination with Canada, focuses on safety improvements that are designed to prevent accidents, mitigate consequences in the event of an accident, and support emergency response.

The rule provides an enhanced tank car standard and a risk-based retrofitting schedule for older tank cars carrying crude oil and ethanol. The rule also requires a new braking standard for certain trains aimed at reducing the severity of an accident and the “pile-up effect.” The new rule designates new operational protocols for trains transporting large volumes of flammable liquids, such as routing requirements, speed restrictions, and information for local government agencies.

**Payment in Lieu of Taxes (PILT).** TFG continues tracking PILT funding for 2015 and 2016. As reported earlier this year, the County briefed the congressional delegation regarding the status and impact of proposed limits or elimination of PILT payments to the County. PILT funding is an important line item in the County’s budget, accounting for approximately \$1 million annually in revenue.

On June 24, 2015, the US Department of Interior reported that \$1,016,964 would be paid to San Luis Obispo County for FY 2015 based upon 438,432 acres of eligible land.

Regarding FY 2016 PILT funding, the President's budget request for the Department of Interior included a one-year extension of the PILT program as mandatory funding at an estimate of \$452 million. The House version of the 2016 Interior Appropriations bill provides full funding for

PILT. Action by the full Senate is pending. We continue tracking PILT funding as Congress considers the FY 2016 Interior Appropriations bill and will continue advocating for full funding for the program.

**Nuclear Waste Movement and Storage.** TFG keeps the County informed regarding congressional efforts to restart the Yucca Mountain nuclear waste storage project. In the FY 2016 appropriations bills the House included funding and language associated with preserving options at Yucca Mountain but the Senate did not include similar language. The House/Senate Conference Committee on the Energy & Water Appropriations bill is the next venue for the ongoing debate – the Conference Committee is unlikely to meet until September but we are tracking this bill closely.